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JEWELRY DISTRICT GOLD AND DIAMOND DEALER
SENTENCED TO 10 MONTHS IN FEDERAL PRISON ON
MONEY LAUNDERING CONVICTION

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, MARTIN FICKE, the Special Agent in Charge of the Department of Homeland Security, Immigration and Customs Enforcement ("ICE") in New York and MICHAEL J. THOMAS, the Special Agent in Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation Division ("IRS-CID") announced that ROMAN NEKTALOV, a jewelry district gold and diamond dealer, was sentenced today by United States District Judge PETER K. LEISURE in Manhattan federal court to 5 months' imprisonment and 5 months' home confinement for money laundering, after being convicted at trial.

The prosecution of NEKTALOV was part of "Operation Meltdown," an undercover investigation targeting narcotics money laundering activities in the 47th Street jewelry district in Manhattan.

"Operation Meltdown" targeted a money laundering method commonly used by Colombian drug traffickers. Under this method, drug traffickers and money brokers who provide laundering services to the drug traffickers employ couriers to pick up cash at designated locations and deliver the cash to gold jewelers and suppliers. The jewelers or suppliers then exchange the cash for gold, diamonds or other precious commodities, which are then smuggled to Colombia, either via couriers or secreted in cargo. Once the gold arrives in Colombia, it is sold for Colombian pesos, which are then ultimately delivered to the narcotics traffickers.

In July 2003, ROMAN NEKTALOV and his son Eduard Nektalov, the owners of Roman Jewelers, a jewelry business located in Diamond District in New York, New York, were charged in an Indictment alleging that from in or about April 2001 through June 2003 they operated a scheme to launder what they believed to be narcotics proceeds. According to the Indictment, a cooperating witness("CW"), working at the direction of law enforcement agents, and an undercover law enforcement agent ("UC") met with ROMAN NEKTALOV and Eduard Nektalov to purchase large amounts of gold and diamonds in exchange for cash.

As described in the Indictment, during the course of the investigation, the CW and the UC posed as individuals working on behalf of "money brokers" for Colombian narcotics trafficking organizations. The CW and the UC represented to the NEKTALOVs that they and their associates had narcotics proceeds in the New York City metropolitan area which they wanted to exchange for gold and diamonds, and then wanted to smuggle the gold and diamonds to Colombia. (Before trial, on May 20, 2004, Eduard Nektalov was murdered.)

Trial commenced on July 12, 2004. The evidence at trial showed that in June 2003, NEKTALOV, the owner of Roman Jewelers, a store located on 47th Street in Manhattan's "diamond district," participated in a scheme to launder monies he believed were narcotics proceeds. In particular, at trial, the Government presented testimony and audiotape recordings of meetings in which the CW, the UC known as "Angel," and ROMAN NEKTALOV discussed the sale by NEKTALOV of diamonds to the UC in exchange for cash believed by NEKTALOV to be drug money.

The evidence at trial showed that the CW, who had purchased gold for years from ROMAN NEKTALOV, and the UC posed as individuals working on behalf of Colombian narcotics traffickers and that they told ROMAN NEKTALOV and his son Eduard Nektalov that the "Colombians" wanted to buy gold and diamonds with small

bills from the "street," and to smuggle the gold and diamonds to Colombia using "mules." The evidence showed that at meetings at Roman Jewelers in May and June 2003, ROMAN NEKTALOV and Eduard Nektalov discussed the sale of approximately \$500,000 worth of diamonds to the CW and the UC. During one of the recorded meetings, ROMAN NEKTALOV stated that the decision of the Colombians to purchase diamonds instead of kilogram bags of gold was "very smart."

The evidence at trial showed that on June 4, 2003, ROMAN NEKTALOV and Eduard Nektalov met with the CW and the UC at Roman Jewelers to exchange a large number of diamonds for \$500,000 in cash. After the diamonds were placed on a table in a back room where the transaction was to take place, federal agents entered Roman Jewelers and arrested the Nektalovs, seizing the diamonds. (The jury acquitted NEKTALOV on one count of conspiracy and three other counts of money laundering.)

Judge LEISURE sentenced NEKTALOV to 10 months' imprisonment with 5 months to be served in prison and 5 months to be served on home confinement; a fine of \$10,000; and the forfeiture of 739 loose diamonds.

NEKTALOV, 74, is a resident Forest Hills, New York.

Mr. KELLEY praised the efforts of the Department of Homeland Security and the Internal Revenue Service for their work in this case.

Assistant United States Attorney BRET R. WILLIAMS is in
charge of the prosecution.

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